

Midwest AGnet

Nilsestuen Commends Kohl, Obey for Helping Dairy Farmers in Crisis

October 1, 2009

MADISON, WI — Wisconsin Agriculture Sec. Rod Nilsestuen thanked and commended two of the state's most influential federal lawmakers for their help in obtaining short-term help for cash-strapped and debt-ridden dairy farmers.

U.S. Rep. Dave Obey and U.S. Sen. Herb Kohl worked together to keep \$350 million in the House-Senate compromise version of the FY2010 Agriculture Appropriations Bill.

In a letter dated Sept. 22, Nilsestuen had asked Congressman Obey and Sen. Herb Kohl to use their key committee assignments to push for increased government purchases of dairy products and direct funds to help farmers pay off mounting bills. Obey chairs the House Appropriations Committee and Kohl sits on the Senate Appropriations Committee.

"Never have farm milk prices been so low (in real terms) nor have losses been mounting so quickly as they have in the past several months," Nilsestuen said. "We estimate that debt on Wisconsin dairy farms has risen by \$1.2 billion in the past 15 months and losses per cow are upwards of \$100 per month. We are approaching a farm crisis of similar magnitude to the 1980s, and Rep. Obey and Sen. Kohl's work on farmers' behalf may help avert that."

In a recent discussion among members of the Board of Agriculture, Trade and Consumer Protection and dairy industry leaders, he said, those leaders said the need for urgent action is 8 on a scale of 10 and moving higher.

Milk prices have hovered between \$11 and \$13 per hundredweight all year. A year ago, the price was \$18.50/cwt and two years ago it was about \$21/cwt. Those were historic high prices, although they occurred at a time when feed and fuel were also at historic high prices. Adjusted for inflation, this year's prices have been the lowest in the nearly 100 years that records have been kept.

The appropriation includes :

- \$60 million to increase cheese and dairy product purchases by the U.S. Department of Agriculture for its school and other nutrition programs and food banks, helping farmers and others facing the effects of the recession.
- \$290 million in direct support to help dairy farmers under an expedited process.

USDA actions to date to alleviate dairy farmer's problems include:

- Buying 272 million pounds of nonfat dry milk and 4.6 million pounds of butter since last Oct. 1. Removing overstock from the market relieves some downward pressure on prices, and helps low-income families who use food programs.
- Reactivating the Dairy Export Incentive Program, which helps U.S. dairy exporters compete in international markets. Declines in dairy exports due to the recession have been the chief factor in creating surpluses that drove prices down.
- Forming the Dairy Industry Advisory Committee, with representatives from all segments of the dairy industry, to find solutions to the volatility of milk prices and help assure dairy farm profitability.

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